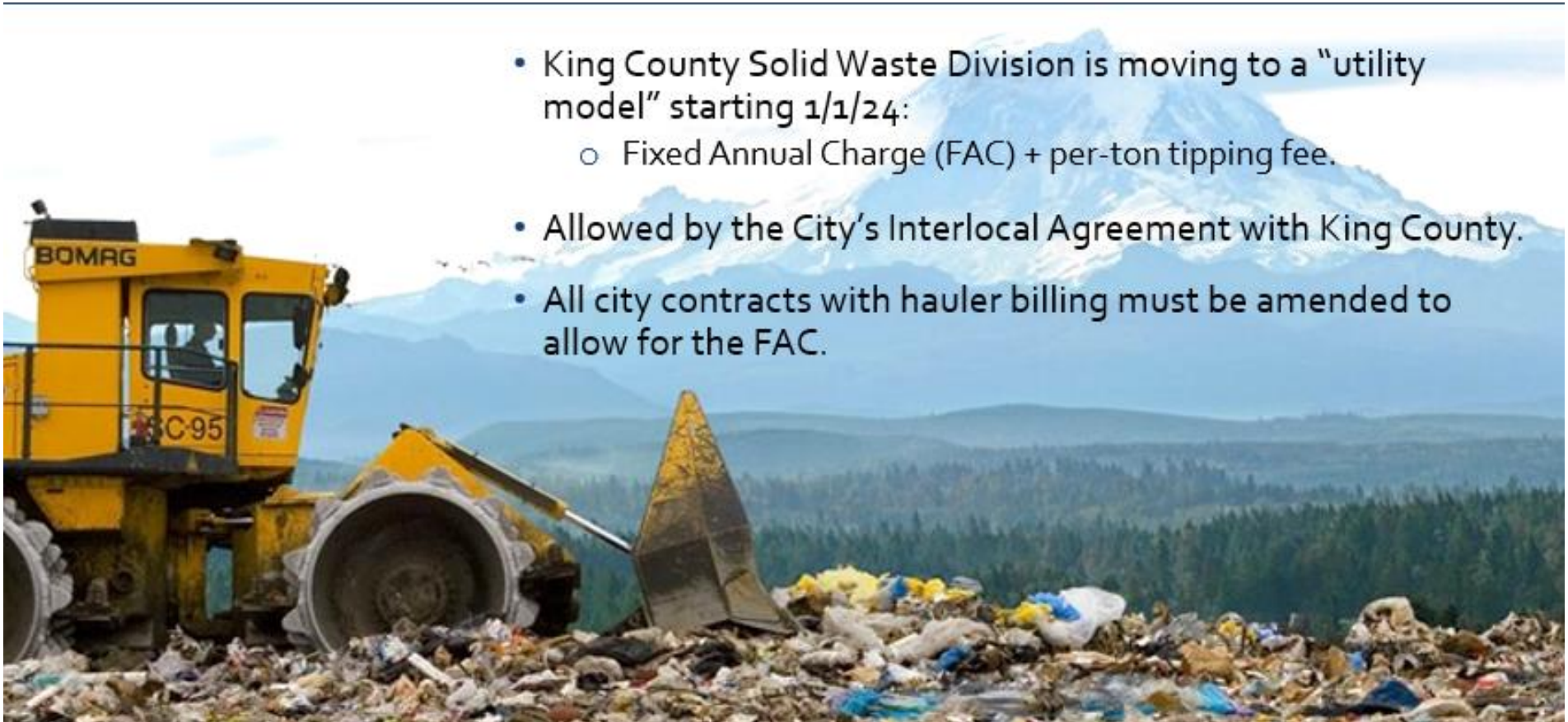


City of Lake Forest Park King County Rate Restructure Republic Services Contract Amendment August 10, 2023

Wendy Weiker
Sustainability and Community Relations Manager



King County's MSW Rate Restructure & Interlocal must align with LFP's Republic Services contract by 9/30/23

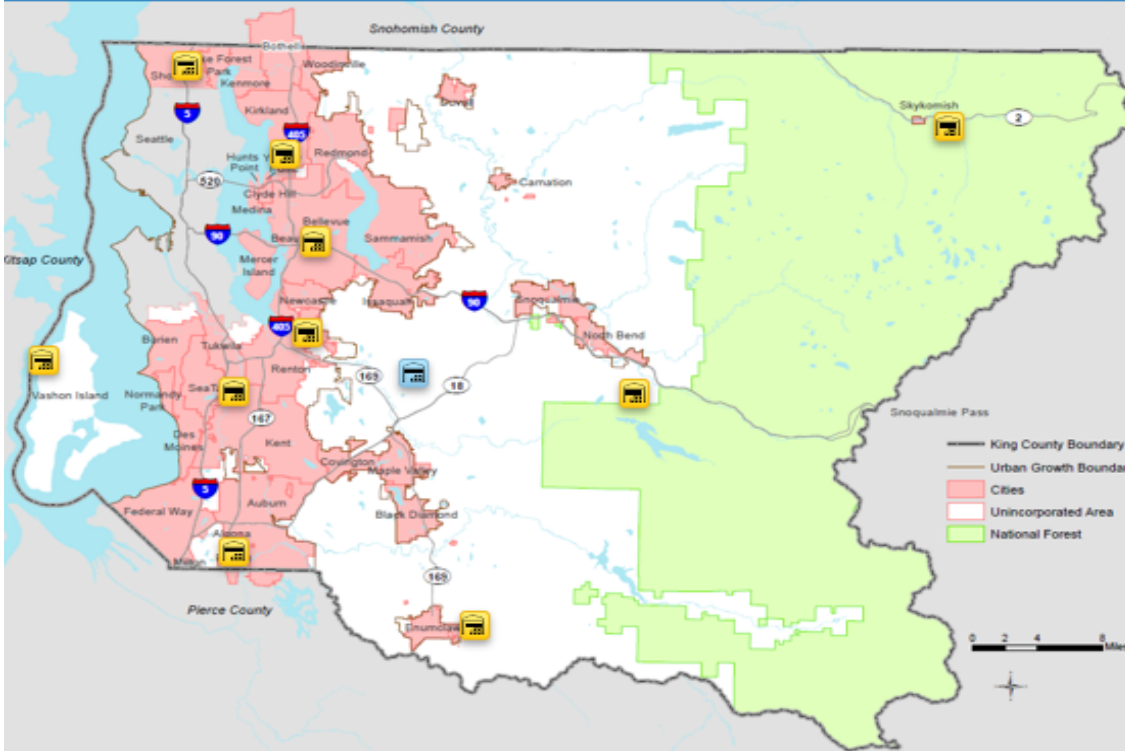


- King County Solid Waste Division is moving to a "utility model" starting 1/1/24:
 - Fixed Annual Charge (FAC) + per-ton tipping fee.
- Allowed by the City's Interlocal Agreement with King County.
- All city contracts with hauler billing must be amended to allow for the FAC.

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Overview of King County's Municipal Solid Waste (MSW) Disposal System

King County's (KC) MSW system serves 37 cities and unincorporated areas



Mission: We bring the best people together to deliver value to our customers and stakeholders and continuously improve waste prevention, resource recovery, and waste disposal.

Vision: Achieve zero waste of resources and enhance the environment through collaboration and innovation.

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King County Zero Waste Policy Requires New Rate Structure & Billing for City Contracts with their Service Providers

KC's Re+ program reduces revenue, so a new rate structure is needed



- Under previous rate structure, as we reduce waste and divert more resources via recycling, revenue would be reduced making it difficult to fund core services.
 - 90% of SWD revenues come from waste disposal
 - Re+ goal is to reduce disposal tons by 70%
 - The majority of SWD costs are largely fixed
- A fixed revenue stream will reduce volatility in rate increases caused by lower tonnage associated with increased recycling or economic downturns.

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Utility Model Rate Design: Fixed Infrastructure + Variable Use costs

Industry standard for utility rate setting includes three key steps

1

Revenue Requirement: Total amount of money the County must collect to pay expenditures to provide services while also meeting its financial requirements (e.g., debt service, financial reserves)

2

Cost of Service: The equitable allocation of the revenue requirement to the County's customer classes (e.g., commercial haulers, self-haulers) in proportion to the demands they place on the system.

Rate
Restructure

3

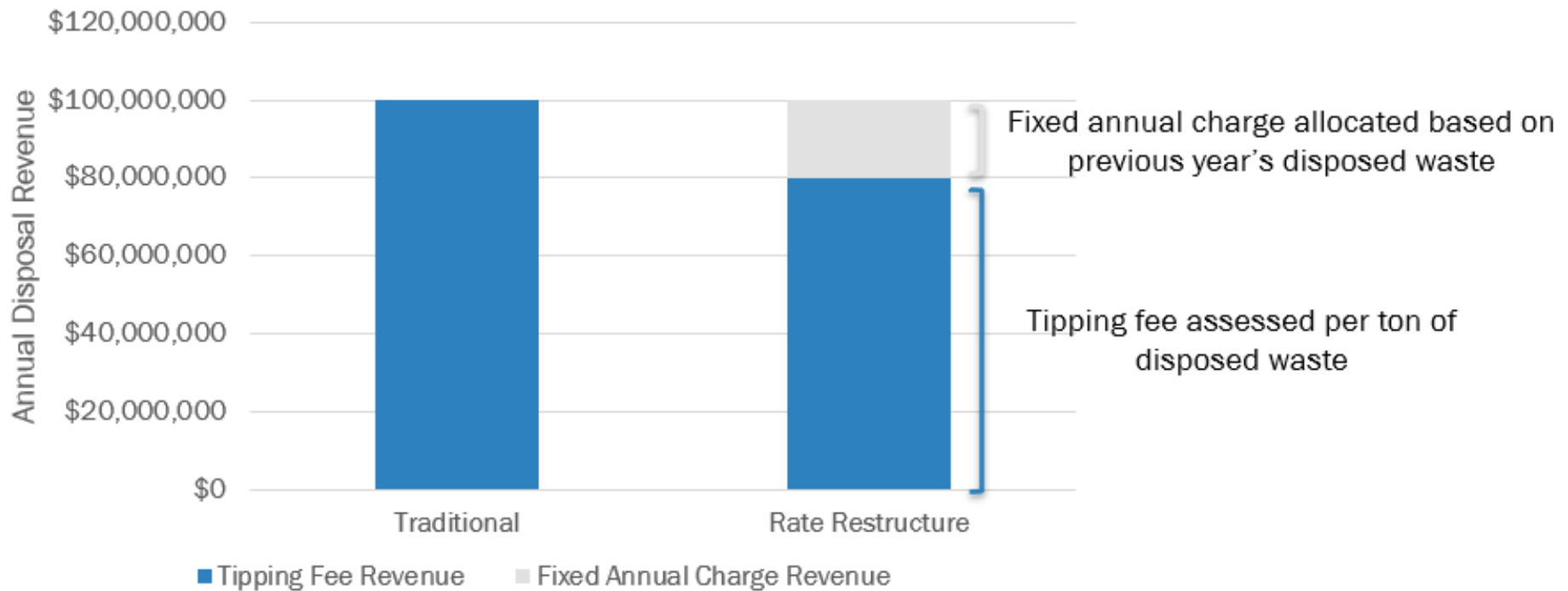
Rate Design: A rate structure (fixed and variable charges) assessed to customers that will generate sufficient revenue, be reasonably commensurate with the cost to provide service, and support non-financial objectives.

Source: Solid Waste Rate Setting and Financing Guide, American Public Works Association

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Traditional Tipping Fee –vs- Utility Rate Model

Traditional Tipping Fee versus Fixed Annual Charge/Tipping Fee Structure



Slide Content: King County SWANA session 2023

King County Fixed Annual Charge is based on each city's MSW volume and charged to their haulers who recover costs in customer rates

KC chose the 'FAC' based primarily on stakeholder feedback

- ☑ Preferred by a majority of stakeholders over other options
- ☑ Does not shift disposal costs to other cities
- ☑ Maintains incentives to divert waste
- ☑ Easiest to calculate
- ☑ Meets revenue stability and neutrality goals

Slide Content: King County SWANA session 2023

King County Disposal Rates changing to Fixed and Variable “Utility Model” on 1/1/2024

Rate Restructure



The County assigns FAC based upon the City’s annual garbage tonnage contribution.



Republic Services collects the FAC from customers to pay the County.



The FAC must be distributed across the customer base.



King County tipping fees and FAC will be adjusted annually.

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LFP Fixed Annual Charge + Variable Tip Fee = “Combined Commercial Rate”

The FAC will be converted into a per-ton rate based upon previous garbage tonnage, and added to tipping fee to create Composite Commercial Rate (CCR).

The CCR will be adjusted annually by the difference between the initial FAC per-ton rate and the updated FAC per-ton rate using actual tonnage.

The adjusted CCR will be used instead of the tipping fee to calculate the annual disposal adjustment.

Example*:

- 2024 FAC = \$400,000
- 2022 Tonnage = 12,000 tons
- Per-ton FAC = \$33.33 / ton

*does not include service portion of customer bill, nor annual inflation increase for both service and disposal portion of customer bills

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Customer Bills will look the same despite change in King County Disposal accounting



Customer Bills

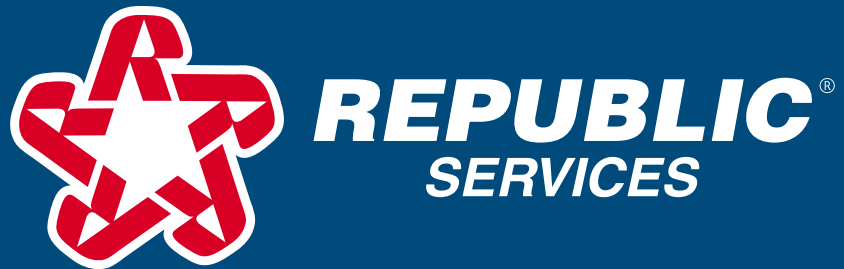
- Customer bills will be adjusted annually by King County tipping fees, FAC, and CPI changes.
- FAC will be included in customer disposal rates on bill -- not listed out separately.
- Average resident with a \$40 monthly garbage bill can expect to pay approximately \$.70 more per month for disposal plus the annual CPI increase (also to be determined in the fall).

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Key to Landfill Diversion & Zero Waste Goals (King County's Re+ Pledge): Know What to Throw

Recycling	Compost	Garbage
Empty, Clean & Dry <ul style="list-style-type: none"> ✓ No plastic bags, film or wrap. Find a recycling drop-off site at Bagandfilmrecycling.org ✓ Do not bag recyclables ✓ Extra recyclables may be set out in boxes, paper bags or 32-gallon cans marked "recycle" next to the recycling cart 	Food Scraps & Yard Debris <ul style="list-style-type: none"> ✓ No plastic bags or food containers ✓ Cedar Grove-approved compostable bags are OK ✓ No rocks, dirt or bark ✓ Extra yard waste may be collected in paper bags, 32-gallon cans or boxes 3ft. x 3ft. x 3ft. max 	Household Garbage <ul style="list-style-type: none"> ✓ Bag all garbage ✓ No hazardous waste ✓ No hot ashes or coals ✓ Extras may be collected in securely tied plastic bags and clearly labeled "garbage." Maximum weight 60 lbs. Fees apply. 
Paper <ul style="list-style-type: none"> ✓ Empty, clean and dry 	Plants & Yard Trimmings <ul style="list-style-type: none"> ✓ Branches 4ft. max 	Mixed Packaging <ul style="list-style-type: none"> ✓ Plastic-coated or food-soiled 
Cardboard <ul style="list-style-type: none"> ✓ Flatten boxes ✓ 3ft. x 3ft. x 3ft. max ✓ Keep dry 	Fruits & Vegetables <ul style="list-style-type: none"> ✓ No stickers 	Polystyrene Foam 
Metal Cans <ul style="list-style-type: none"> ✓ Empty, clean and dry 	Meat, Bones & Leftovers 	Diapers & Pet Waste <ul style="list-style-type: none"> ✓ Double-bagged 
Glass Bottles & Jars <ul style="list-style-type: none"> ✓ Empty, clean and dry ✓ Unbroken ✓ No lids 	Dairy, Eggs & Bread 	Household Items <ul style="list-style-type: none"> ✓ Latex paint cans (dry or empty) 
Plastic Bottles, Jugs & Tubs <ul style="list-style-type: none"> ✓ Empty, clean and dry 	Food-Soiled Paper <ul style="list-style-type: none"> ✓ Uncoated (no shiny paper) 	Small Items <ul style="list-style-type: none"> ✓ When in doubt, visit "What do I do with?" on King County's website, or throw it out 

Collection Reminders: Set carts out by 7 a.m. Garbage is collected weekly. Recycling and compost are collected every other week. If weather conditions prevent safe collection, service will resume on the next regular scheduled collection day. Double your regular amount will be collected for no additional fee.



Sustainability in Action

Wendy Weiker
Sustainability and Community
Relations Manager

e: wweiker@republicservices.com
c: 206.390.7630

